

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 95-1212-C - ORDER NO. 96-105 ✓
FEBRUARY 15, 1996

IN RE: WinStar Gateway Network -) ORDER
Rule to Show Cause) APPROVING
) PROCEDURE

On November 27, 1995, the Public Service Commission of South Carolina (the Commission) issued Order No. 95-1072, in which the Commission found that WinStar Gateway Network (WinStar Gateway or the Company) should appear before the Commission to Show Cause why its certificate should not be revoked for the use of misleading marketing practices. Subsequently, prefiling deadlines were scheduled, as was a hearing. The hearing was subsequently continued, so that the Commission Staff and WinStar Gateway could further discuss the circumstances leading to the Rule to Show Cause.

The Commission Staff now comes before the Commission requesting approval of a plan to revise WinStar's current marketing practices. According to the Staff, WinStar Gateway utilizes a contest box program. The front of the contest box displays a picture of a tropical scene and a new Ford Mustang Convertible. The copy invites the reader to enter to have a chance to win a Hawaiian vacation or a new car. On top of the entry form are instructions which would request the contestant to see rules on the

side of the box for entry information, and to sign a letter of agency (LOA) and drop it in a slot. Below the notices is a tear pad of blue forms captioned "Official LOA Form; Long Distance Application." The difficulty with this marketing method has become evident, since the Commission has received numerous complaints of consumers, whereby long distance service was being switched to WinStar Gateway with the consumers being unaware of how they were switched. Often, it appeared that the ratepayers or their agents had signed an LOA on one of the contest boxes, thinking that they were simply entering the contest. Later, when their long distance was switched to WinStar Gateway, they discovered that the entry blank they had signed was actually a Letter of Agency, allowing the Company to obtain their long distance business.

Staff proposes that this Commission allow WinStar Gateway to put additional information on the front of the box, in addition to the directive about the rules being on the side of box, for entry information. A bold face line would be placed on the box between the picture and the slot for LOA's, stating that submission of an official form can result in a change in long distance service. This methodology was adopted in Florida. We agree that this holds promise in resolving this issue, but we also agree with Staff that an experimental period is appropriate in this case to see whether or not this modified methodology reduces the number of complaints against this Company with this Commission.

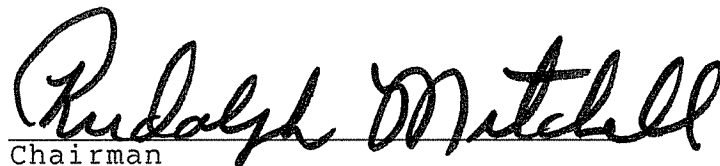
The Staff proposes, and we agree, that the Company should be given sixty (60) days from the date of this Order to modify their

existing boxes to include the above-stated additional language. Following that time, the Commission Staff will monitor the number of complaints received to see whether or not the modified language results in a decrease in the number of complaints about the contest box program. We note that the Company has been working with Staff to resolve the existing complaints against the Company. Staff is entrusted to monitor the impact of the revised marketing practice, and to request that the Company make further revisions, should the Commission continue to receive complaints. After a reasonable period, Staff is instructed to report back to the Commission the results of its monitoring program. The hearing that was scheduled in this matter shall be continued until further notice.

We believe that this procedure is fair to the Company and on balance, to the consumers of the State of South Carolina.

This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)